GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Ease of Doing Business - Minimization of Regulatory Compliance Burden (MRCB) – Constitution of Empowered Committee – Orders – Issued.

INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.Ms.No.41 **Dt:24.05.2024**

Read the following:-

1. D.O.No.082/2/1/2020-CA IV dt:13.07.2020 from Cabinet Secretary, GoI
2. D.O No.082/2/1/2020-CA.V dt:24.12.2020 from Cabinet Secretary, GoI
3. D.O.Lr.No.INC02-21021/2/2021/1315471, dt:12.02.2021 from Chief Secretary, GoAP
4. e-file No.INC02-21021/42/2024-EODB,SDP SEC-DIRINDS, Computer No.2435466.

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ORDER:

In the reference 1st read above, the Government of India has requested the States to constitute a dedicated team in the States to examine the Acts and Regulations under the purview of the State Departments to scrutinize the relevance and requirement of various compliances and rationalize, reduce and simplify the related processes.

2. In the reference 2nd read above, the Government of India further informed the States that the Department for Promotion of Industry and Internal Trade (DPIIT), GoI is the nodal Department for coordinating this exercise.

3. In the reference 3rd read above, the Government directed that below-mentioned approach shall be undertaken by Andhra Pradesh to prepare an action plan under 'Minimising Regulatory Compliance Burden (MRCB)' exercise for business and citizen related compliances:

a. Compile an exhaustive list of all compliances administered by the Department.
b. Check them for possible elimination.
c. If they are to be retained, how to simplify approvals, it can be one-time registration, remove renewal, periodicity can be increased, inspections can be faceless / third party inspection, self-certification, or filing / returns and display requirements can be converged.
d. Take necessary action accordingly.

4. In the reference 4th read above, the CoI has informed that, the MRCB is a systematic exercise with an objective to improve ease of doing business and ease of living by simplifying, rationalizing, digitizing and decriminalizing government to business and citizen interfaces across all Ministries/Departments and States/UTs, by following a 4-pronged strategy:

a. **Elimination** of Redundant laws, processes.

b. **Simplification** by reducing compliances related to procedure, rules etc.

c. **Digitization** of procedures, rules, notification.

d. **Decriminalization** through removal of penal provisions for technical and minor offence.

5. In the circumstances reported by the Commissioner of Industries, Government after careful examination of the matter hereby constitute an Empowered Committee (EC) headed by the Chief Secretary of Andhra Pradesh to achieve the objectives under MRCB exercise, to assess the necessity, legality and business-friendliness of the proposals and monitor/review the work undertaken by the concerned Secretariat Departments under MRCB exercise. The Empowered Committee (EC) shall consist of the following members:

- Chief Secretary as Chair
- Spl CS / Prl Secy / Secretary, Energy
- Spl CS / Prl Secy / Secretary, I&I
- Spl CS / Prl Secy / Secretary, IT,E&C
- Spl CS / Prl Secy / Secretary, GAD
- Spl CS / Prl Secy / Secretary, Law
- Spl CS / Prl Secy / Secretary, Cooperation
- Spl CS / Prl Secy / Secretary, Commercial Taxes
- Spl CS / Prl Secy / Secretary, Finance
- Spl CS / Prl Secy / Secretary, Labour
- Spl CS / Prl Secy / Secretary, Environment and Climate Change
- Spl CS / Prl Secy / Secretary, Water Resources
- Spl CS / Prl Secy / Secretary, Panchayat Raj
- Spl CS / Prl Secy / Secretary, Revenue
- Spl CS / Prl Secy / Secretary, I&C
- Commissioner of Industries, GoAP as convener

6. Moreover, the Government hereby nominates the Secretary / Principal Secretary / Special Chief Secretary of the Industries & Commerce Department as State Nodal Officer and The Special Chief Secretary / Principal Secretary / Secretary of the concerned Departments within the State as the State Sub-Nodal Officer for implementing the Minimization of Regulatory Compliance Burden (MRCB) exercise.

7. **Function of Empowered Committee (EC)**

a. The Empowered Committee shall meet once in 3 months and monitor the overall implementation of MRCB program in the state to achieve the stated objectives.

b. The Empowered Committee shall review the proposals submitted by all the State Sub Nodal Officers and take decision to approve / reject the proposals and issue suitable directions as deemed fit and direct the concerned to implement the MRCB proposals accordingly.

8. Role of State Nodal Officer (SNO)

a. The State Nodal Offers shall do preliminary scrutiny of the proposals received and place it before Empowered Committee for review and consideration.

b. The State Nodal officer shall convene the meetings from time to time and communicate the proceedings of the EC to the State Sub-Nodal Officers for taking further action at their end.

9. Role of State Sub-Nodal Officer (SSNO)

i. identify and list all Acts and Regulations administered by the concerned Department.

ii. review and examine all the Acts and Regulations of the concerned Department and list out all the compliances and criminal provisions from the respective Acts /Rules/Regulations for a business and citizen concerning the Department.

iii. examine all the compliances and criminal provisions and assess their applicability and validity in the present scenario.

iv. treat every provision (approval / compliance / penalty including criminal provisions) as burdensome and unnecessary unless reviewed by the Empowered Committee and is decided as compliance to be retained with substantiation for the same.

v. recommend further course of action for the compliances and penal provisions as per below:

vi. The State Sub-Nodal Officer (in consultation with the Head of Concerned Department / Corporation / Board / Agency) shall submit a proposal under MRCB, following the below procedure:

vii. **Repeal:** If any Act or Regulation including approvals or compliances are redundant or do not hold any value in the current scenario, the same may be recommended for "Repeal".

viii. **Simplification:** Assess the approval or compliance, if the procedure may be "Simplified".

ix. **Digitization:** Assess the approval or compliance, in case the compliance procedure may be "Digitized".

x. **Retain:** In case an identified compliance is proposed to be retained then assess.

xi. **Decriminalize:** recommend decriminalizing redundant, burdensome and minor criminal offences to promote Ease of Doing Business and Ease of Living. The Decriminalization may be achieved in the following manner:

- Imprisonment and/or Fine are proposed to be removed in some provisions.

- Imprisonment is proposed to be removed and fine retained in a few provisions.
- Imprisonment is proposed to be removed and fine enhanced in a few provisions.
- Imprisonment and Fines are proposed to be converted to Penalty in some provisions.
- Compounding of offences is proposed to be introduced in a few provisions.

xii. The State Sub Nodal Officer shall furnish the proposal to State Nodal Officer who will put up the proposal for review and approval to the Empowered Committee.

10. All the Concerned Secretariat Departments are requested to take necessary action in the matter, accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNER OF ANDHRA PRADESH)

DR K S JAWAHAR REDDY
CHIEF SECRETARY TO GOVERNMENT

To
All Departments in A.P. Secretariat.
All Head of Departments.

//Forwarded :: By Order//

S. Swarnalatha
SECTION OFFICER

ANNEXURE

Proposed approach for Reducing Compliance Burden in Andhra Pradesh

Andhra Pradesh has taken several initiatives under the Minimizing Regulatory Compliance Burden (MRCB) to eliminate, simplify, digitize and decriminalize various compliances under the State legislations. To further the exercise in the state, a study of Tamil Nadu's framework for Decriminalization was undertaken to understand the approach and methodology adopted by Tamil Nadu in undertaking Decriminalization in the state. Based on the assessment, an action plan under MRCB is proposed for the state:

a. **Constitution of Empowered Committee (EC):** An Empowered Committee headed by Chief Secretary of the state is constituted to monitor the compliances and work done under MRCB exercise including Decriminalization. To ensure effective implementation of the program, the Secretary / Principal Secretary / Special Chief Secretary of the Industries & Commerce Department is notified as the State Nodal Officer (SNO) and the Special Chief Secretary / Principal Secretary / Secretary of concerned Departments within the State are notified as the State Sub-Nodal Officer (SSNO) to undertake specific tasks related to MRCB and Decriminalization.

The major task of the Empowered Committee shall be to review and monitor the Department actions under MRCB, guide the Department and provide final recommendations on Department proposals for reducing compliances and decriminalization of provisions within State and Central legislations.

b. **Repository of Department wise Acts / Rules / Regulations:** The primary task prior to undertaking MRCB activities, is to create a comprehensive repository of the Department administered State and Central Acts / Rules / Regulations including their amendments. This will facilitate a thorough assessment of all legislations, allowing for the identification of provisions suitable for MRCB. Hence, the SSNO along with Head of Concerned Department / Corporation / Board / Agency shall consolidate and prepare a comprehensive list of all Department administered State and Central Acts / Rules/ Regulations and their amendments in the template annexed in **Proforma I.**

c. **Inventory of Compliances and penal / Criminal provisions:** Post the repository of regulations is created by the Department, the SSNO along with Head of Concerned Department / Corporation / Board / Agency shall identify and enumerate all the approvals / compliances / penalties including criminal provisions listed in the scheduled legislations and create an inventory of all such provisions. The template for listing compliances and approvals is provided in **Proforma II** while template for listing penalties along with criminal provisions is annexed in **Proforma III**.

The SSNO to regularly update the inventory with latest amendments and notifications for the scheduled clauses, enabling it to be a readily accessible reference for all compliances and penalties in the State. Furthermore, it is proposed to make this inventory available in the public domain. This will enable investors, entrepreneurs and citizens informed about their compliance requirement and potential penalties for non-compliance.

d. Assessment / Action Plan on identified Compliances / Penalties:

i. The **approvals / Compliances** as listed out in **Proforma II**, shall be examined by the SSNO along with Head of Concerned Department /Corporation / Board / Agency to assess their applicability and validity in the present scenario. A basic template or points to consider for assessing the compliance is annexed in **Proforma IV.** Post assessment, recommend plausible course of action for the compliance / approval as per below:

ii. **Repeal:** If any Regulation including approvals or compliances are redundant or do not hold any value in the current scenario, the same may be recommended for "Repeal".

iii. **Simplification:** Assess the approval or compliance to review the procedure and other requirements for ensuring compliance. Reengineer the process to simplify the procedure by reducing document requirement, reducing fee, timeline, process flow, etc.

iv. **Digitization:** Assess the approval or compliance to review if the current process is online or offline. In case the process is offline, examine the feasibility for developing an online system for the compliance and take necessary action.

v. **Retain:** In case an identified compliance is proposed to be retained, provide a justification for retaining the compliance and its intended benefits to the stakeholders.

vii. For the **penal / criminal provisions** as listed in **Proforma III**, all provisions shall be assessed and categorized as per the **risk category** defined below:

Grade	Description	Proposed Action
High	Offences that are directly related to risk to human life, have safety and health implications, cause injury to public interest, involve damage to the environment, willful negligence, deliberate financial fraud, intention to deceive, deliberate obstruction or non-cooperation against authorities, non-compliance of order of statutory authorities impinging on effective regulation.	These offences involve elements of substantive non-compliances / intentional violations or willful defaults and hence require detailed adjudication. **Hence, for such offences, Status Quo is maintaine.**
Medium	Offences which need further review from lenses of consumer protection	These offences are based on subjective determinations and need

	employee protection, fraud to the exchequerand cheating.	analysis based on proportionality. **They may be determined to be of either high or low seriousness, through stakeholder consultation / judicial review, etc. and the respective course of action may be taken.**
Low	Offences which relate to minor non compliances which are inadvertent in nature arising from lack of awareness,involving predominantly objective determinations, where imprisonment/fine is disproportionate to type of lapse, have no imminent safety/health implications, and do not affect public interest.	All offences of low seriousness could be considered civil liabilities and **imprisonment clauses may be removed, along with converting criminal fines to civil penalties.** For these offences, an intimation may be given as a first step, followed by compounding of penalties. Opportunity is to be given for complying with the relevant provisions before initiating action against them.

Note: It is to highlight that all provision (approval / compliance / penalty including criminal provisions) shall be treated as burdensome and unnecessary unless reviewed by the Empowered Committee and is decided as compliance to be retained with substantiation for the same.

e. **Submission of Proposals:** The proposals for reduction of compliances/ decriminalization shall be consolidated in template provided in **Proforma I, II & III** by each State Sub Nodal Officer and to be submitted to State Nodal officer (SNO). Further, the State Sub Nodal Officer (SSNO) shall upload all the identified compliances proposed for simplification / digitization / decriminalization on the Regulatory Compliance Portal (RCP) developed by Department for Promotion of Industry and Internal Trade (DPIIT), Government of India i.e **https://eodbrcp.dpiit.gov.in** to monitor the progress of MRCB across the country.

f. **Evaluation by Empowered Committee(EC):** The SNO shall put up the proposals submitted by the concerned SSNO to the Empowered Committee. The Empowered Committee shall review and deliberate the proposals during the committee meeting and approve / reject / modify.

g. **Action on Empowered Committee Recommendations:** Once the proposal has been approved / approved with modification by the Empowered Committee, the concerned SSNO along with the HOD of the concerned Department / Board / Agency shall take necessary measures and actions to reduce the compliance or decriminalize the provisions. The SSNO shall ensure to update the Action Taken on each compliance on the RCP portal to dispose the compliance at the earliest.

Proforma I: Department wise list of Regulations

Repository of Department Acts / Rules / Regulations									
SN	State / Central	Name of Department	Type (Act / Rule / Regulation / Other)	Name of Act / Rule / Regulation	Year of Notification	Amendments, if any	Year of last amendment	Link to Act/Policy	Propose to Repeal (Yes/ No)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									

Proforma II: Template for list of Compliances / Approvals

SN	Name of Department	Name of Regulation	Name of Compliance	Type of Compliance*	Section No	Sub Section No	Compliance Description
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

Table Continued below

*** Options for "Type of Compliance"**

1. Regulatory Approval
2. Renewal / Retention
3. Fee Payment
4. Inspection / Audit
5. Record Keeping
6. Return Filing
7. Display Requirement
8. Others

Continuation to Table above

Designated Authority	Frequency of compliance	Statutory Cost	Other Cost	Document Requirement	Procedure[&]	Timeline	Proposed Action^

& Options for "Procedure"

1. Offline
2. Online

^ Options for "Proposed Action"

1. Repeal
2. Compliance to be Simplified
3. Retain –Compliance to be Digitized
4. Retain – No Action Proposed

Proforma III: Template for list of Penal / Criminal Provisions

S N	Name of Department	Name of Regulation	Section No	Clause No.	Extract of Clause	Violation cited in the regulation	Type of Provision[@]	Imprisonment Provisions			
								1st Offense			
								Tenure of minimum Imprison (in Months)	Tenure of maximum Imprison (in Months)	Minimum Amount - Imprison (in INR)	Maximum Amount - Imprison (in INR)
1											
2											
3											
4											
5											

6											
7											
8											

Table Continued below

@ Options for "Type of Provision"

1. Imprisonment
2. Penalty

Continuation to Table above

Imprisonment Provisions				Penalty				Proposed Action#
Subsequent Offense / Compounding				1st Offense Penalty		Repeat Offense Penalty		
Tenure of minimum Imprison (in Months)	Tenure of maximum Imprison (in Months)	Minimum Amount - Imprison (in INR)	Maximum Amount - Imprison (in INR)	Minimum Amount	Maximum Amount	Minimum Amount	Maximum Amount	

 # Options for "Proposed Action"

1. Imprisonment and Fine removed.
2. Imprisonment retained and fine removed.
3. Imprisonment removed and fine retained.
4. Imprisonment removed and fine enhanced.
5. Imprisonment and Fines converted to Penalty.
6. Compounding of offences introduced.

Proforma IV

Points to Consider to assess applicability / validity of approvals / compliance

The below is a basic template provided to assist the SSNO to assess the applicability / validity of the compliance / approvals in the present scenario. However, the Departments may use a modify or prepare their own template to

assess the validity and applicability of the compliances as per their own requirement.

i. Primary purpose of the compliance / approval

- To increase government revenue
- To protect public safety and health
- To promote corporate / business
- To regulate citizen services
- Other. Please Specify_____

ii. List of stakeholders directly impacted -

- Government only
- Investors / Entrepreneurs only
- Citizens
- All of the above

iii. Frequency of review of regulation

- Decade
- Once a year
- Only when mandated by law
- It has never been updated

iv. Criteria considered while determining the applicability of the approval / compliance -

- Economic impact
- Social relevance
- Environmental impact
- All of the above

v. Mechanisms in place to ensure compliance with the approval / compliance-

- Regular audits and inspections
- Fines and penalties for non-compliance
- Education and awareness programs
- All of the above

vi. Alignment of compliance / approval with current technological advancements?

- It is outdated and incompatible with modern technology.
- It is periodically updated to incorporate new technologies.
- It is flexible enough to accommodate technological changes.
- It does not address technological aspects.

vii. Adaptability of regulation to unforeseen circumstances or emergencies?

- Highly adaptable, with provisions for emergency measures

- Moderately adaptable, but may require legislative changes for major adaptations
- Not adaptable, as it lacks flexibility in its implementation
- Adaptable only through lengthy bureaucratic processes

viii. Extent of practicality of the specific requirements outlined in regulation to implement

- Very Practical
- Somewhat Practical
- Neutral
- Somewhat Impractical
- Very Impractical

ix. The approval / compliance create unnecessary burdens or restrictions for stakeholders (business, citizen, etc.) in the current scenario

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

x. Alternative approaches to achieve the goals of the approval / compliance more effectively in current scenario?

DR K S JAWAHAR REDDY
CHIEF SECRETARY TO GOVERNMENT